

# SUBMISSION TO THE TASMANIAN DEPARTMENT OF TREASURY AND FINANCE

## Short Stay Levy Bill 2025 - Consultation



February 2026

### EXECUTIVE SUMMARY

Moxxi is a professional short-term rental management company operating 180+ properties across Tasmania. We are writing to express serious concerns about the proposed Short Stay Levy Bill 2025 and to present evidence that this levy will fail to achieve its stated housing objectives while causing significant harm to Tasmania's visitor economy.

Our submission is based on four core arguments supported by comprehensive evidence and operational data:

First, Victoria's 7.5% short stay levy has demonstrably failed to achieve its housing goals. After thirteen months of operation, short-term rental listings in Victoria have increased by 6.6% rather than decreased,<sup>1</sup> and only 1-6% of property owners indicated any intention to shift properties to long-term rental.<sup>2</sup> Tasmania should not replicate a policy approach that has already proven ineffective.

Second, directing levy revenue to first home buyer grants is economically counterproductive. This represents taxing homeowners and the visitor economy to pay first home owners, extracting revenue from tourism to fund demand-side housing subsidies that decades of Australian research prove are capitalized into higher property prices rather than improving genuine affordability.<sup>3,4</sup> The grants trigger building cost increases without addressing structural housing supply, effectively transferring tourism revenue to existing property owners and builders while making housing less affordable for the intended beneficiaries.

Third, the levy will make Tasmania cost prohibitive for travelers. When combined with booking platform commissions calculated on the inflated total, the real cost increase to guests compounds significantly beyond the stated five percent. This makes Tasmanian accommodation significantly more expensive than Queensland, New South Wales, and other competitor destinations that don't impose such levies. International booking platforms will profit from the tax through increased commission revenue while contributing minimally to the Australian economy, and Tasmania loses critical competitive advantage as a destination.

Fourth, standards-based regulation offers a superior alternative that addresses legitimate concerns about short-term rentals through professional licensing, safety requirements, and accountability mechanisms rather than revenue extraction. Jurisdictions including New South Wales and Queensland demonstrate that this approach achieves better outcomes for communities, guests, and the tourism sector.<sup>5,6</sup> If revenue generation is the objective, a land tax value approach for STR properties would provide consistency and a framework for compliance rather than a transactional levy that enables evasion by unregulated solo and small operators.

We urge the Tasmanian Government to abandon this poorly-designed levy and instead pursue evidence-based regulation that professionalizes the sector and addresses genuine community concerns without making Tasmania cost prohibitive for visitors and damaging the state's critical tourism infrastructure.

## **ABOUT MOXXI**

Moxxi operates as a professional short-term rental management company managing more than 180 properties across Tasmania. As an accommodation and hospitality business, we are deeply committed to raising standards in the short-term rental accommodation sector and believe strongly in the value of appropriate regulation.

Our commitment to professional standards is demonstrated by our voluntary adherence to Queensland property management licensing requirements despite Tasmania not mandating such standards. We operate trust-compliant processes that go beyond what is currently required in Tasmania, handling client funds with the same rigor required in jurisdictions with comprehensive property management licensing regimes.<sup>7</sup> We are actively working toward formal property management licensing to ensure our operations meet the highest professional standards.

This positioning is an important context for our submission. We are not opposing regulation or seeking to avoid oversight. We are advocating for effective,

evidence-based regulation that achieves genuine policy objectives rather than poorly-designed taxation that extracts tourism revenue while failing to address housing availability.

## Moxxi's Economic Contribution to Tasmania

As a professional accommodation and hospitality business, Moxxi makes substantial direct economic contributions to Tasmania beyond the accommodation services we provide:

**Employment:** We employ 15 local Tasmanian staff members in full-time and part-time positions covering property management, guest services, administration, and operations.

**Contractor Network:** We engage more than 20 subcontractors regularly across Tasmania, providing consistent work for: - Professional cleaning services - Linen and laundry providers - Maintenance trades (plumbers, electricians, handymen) - Gardening and property care services - Photographers and property stylists - IT and systems support

Each property in our portfolio generates ongoing local employment and business activity. When the levy threatens the viability of professional short-term rental management, it threatens this entire network of small businesses and contractors who depend on this work.

## Moxxi Portfolio Data Demonstrates STR Serves Diverse Essential Needs

Our portfolio provides valuable operational data demonstrating the diverse accommodation needs that professional short-term rental management serves. Based on our 2025 calendar year data (January-December), 24% of our reservations fell into categories that will be exempt from the proposed levy. These exempt categories comprise:

- Owner personal stays (owners using their own properties)
- Medical and healthcare-related stays
- Trades and contractor accommodation
- Crisis and emergency housing
- Insurance-related displacement accommodation
- Stays exceeding 28 consecutive nights

This figure of 24% represents only those stays we can definitively categorize as exempt based on booking duration and purpose. Many additional shorter-term

stays serve these same essential functions (medical visits under 28 nights, contractor stays spanning multiple short bookings, emergency housing arranged rapidly) but are difficult to quantify systematically in our data. The actual proportion of essential non-tourism use is likely higher than 24%.

The properties we manage are not simply investment vehicles removed from the housing market. The majority of our owners maintain these properties for personal use, spending time in Tasmania and in the regional areas where their homes are located. When owners and their families visit these properties, they contribute directly to regional economies through spending on groceries, restaurants, retail, attractions, and services. This spending pattern represents economic benefit that would be lost if these properties were converted to long-term rentals or sold, as new owners would not necessarily maintain the same connection to these regional communities.

Based on our operational experience managing 180+ properties across Tasmania, the properties we manage fall into distinct categories that are critical to understanding why the levy will fail to achieve housing objectives:

- Seasonal lifestyle assets - properties purchased specifically for holiday use with short-term rental income offsetting holding costs
- Mixed personal-use holiday homes - where owners spend significant time themselves while making the property available when not in use
- Low-yield regional dwellings - properties that cannot generate sufficient return for long-term rental but work well for short-term accommodation
- Properties unsuitable for long-term tenancy - dwellings with configurations, locations, or characteristics that make them inappropriate for residential tenancy

When cost pressures force these properties out of short-term letting, they rarely convert to long-term rentals. Instead they return to private or intermittent use. This is the fundamental flaw in the levy's logic: reducing short-stay participation does not reliably increase housing supply, but it does reduce accommodation capacity.

## Moxxi's Booking Data Versus Market Averages

Our operational data reveals important differences between professionally managed properties and the broader market that have implications for the levy's impact:

Average length of stay: Moxxi properties average 6.3 nights per booking, compared to the broader Tasmania market average of 3.4 nights.<sup>8</sup> This indicates our

properties serve longer-stay visitors including families, multi-generational groups, contractors, and medical travelers market segments requiring whole-dwelling accommodation that hotels cannot adequately serve.

Average total booking value: Analysis of 5,000 reservations from our 2025 operations shows an average total booking value of \$1,346. This represents the complete transaction including accommodation fees, cleaning, management, and other charges that comprise the “total booking fee” on which the proposed levy would be calculated.

Guest composition data: Analysis of 5,330 bookings from our portfolio shows the following breakdown: - Small groups (3-4 guests): 1,834 bookings - Couples (2 guests): 1,638 bookings - Large groups (5+ guests): 1,081 bookings - Solo travelers (1 guest): 777 bookings

This demonstrates our properties predominantly serve families and groups rather than solo travelers, with an average of approximately 3.2 guests per booking. These visitor types require whole-dwelling accommodation that hotels cannot provide at comparable value.

Our business serves as critical infrastructure for Tasmania’s visitor economy. When major events come to Tasmania, our properties absorb demand that far exceeds the capacity of hotels and motels. Without this accommodation capacity, either fewer visitors can attend these events, or the events become less economically viable to host in Tasmania. We are interwoven into the fabric of accommodations across the state, and policies that undermine the economics of professional short-term rental management have cascading effects throughout the tourism sector.

## **THE LEVY TAXES BUSINESS OPERATING COSTS RATHER THAN PROFIT**

A fundamental flaw in the proposed levy’s design is that it applies to the total booking fee, which includes all business operating costs rather than limiting taxation to revenue or profit. This creates an economically inefficient tax on costs that must either be passed to guests, absorbed by property owners, or extracted from the quality of service delivery.

When a guest books one of our managed properties, the total booking fee includes multiple components beyond the accommodation rate that goes to the property owner. It includes cleaning fees that cover the actual cost of professional cleaning

services, linen replacement, and restocking of consumables. It includes management fees that cover the administrative overhead of coordinating bookings, managing guest communications, arranging maintenance, and ensuring properties meet quality standards. These are not profit centers but rather the genuine costs of operating professional short-term rental accommodation at a high standard.

Based on our average booking value of \$1,346, which typically includes approximately \$150-200 for cleaning and similar amounts for management and other operational costs, the government is proposing to take five percent of these operating costs as tax. Of a typical \$67 levy on a \$1,346 booking, approximately \$15-20 represents tax on our cleaning and restocking costs alone. This money is not profit for anyone. It is a genuine business expense required to ensure guests arrive at clean properties with fresh linens and stocked amenities. Yet the government proposes to tax it as if it were discretionary revenue.

## The Real Cost Structure Property Owners Face

To understand the full impact of the levy, it's essential to see the complete cost structure that applies to each booking:

On a typical \$1,346 total booking value:

1. Booking channel fee (12-15.5% of gross): \$161-\$209 paid to platforms like Airbnb or Stayz
2. Proposed levy (5% of gross): \$67 extracted by government
3. Operational and cleaning costs: Variable, typically \$150-200 covering professional cleaning, linen, consumables
4. Moxxi management fee: Covering 24/7 guest support, booking coordination, maintenance management, compliance

What remains goes to the property owner, who must then pay: - Utilities (electricity, water, internet) - Land tax (if applicable) - Council rates - Property insurance - Maintenance and repairs - Mortgage interest (if applicable) - Income tax on any profit

This breakdown reveals that the levy extracts money before the property owner has received any income, and certainly before accounting for the substantial ongoing costs of property ownership. The government is taxing gross revenue, not profit, which represents fundamentally flawed tax policy design.

This creates several problematic scenarios. If we pass the full levy to guests, Tasmania becomes a more expensive destination and our properties become less

competitive with interstate alternatives. If property owners absorb the cost to maintain price competitiveness, their net income decreases and the economics of professional short-term rental become less viable. If we reduce service quality to offset the tax, guest satisfaction and review scores suffer, which ultimately harms Tasmania's reputation as a quality destination. If we absorb the cost in our management margin, our business becomes less profitable and less sustainable, threatening the employment of our 15 staff members and the work we provide to 20+ regular subcontractors.

The government's assertion in the Discussion Paper that this introduction need not affect anyone's bottom line assumes perfect price elasticity, meaning guests will simply pay whatever increase is added without changing their behavior. This assumption does not reflect real market conditions. We operate in competitive accommodation markets where guests compare prices across destinations and accommodation types. Based on our operational experience, we understand what our markets will bear, and we price properties to optimize the combination of occupancy and rate. If we could charge more without losing bookings, we would already be doing so.

## **THE LEVY MAKES TASMANIA COST PROHIBITIVE AND CREATES WINDFALL PROFITS FOR INTERNATIONAL PLATFORMS**

The proposed levy will directly increase accommodation costs for travelers, making Tasmania significantly less competitive as a destination. When the mechanics of how booking platforms calculate their commissions are properly understood, the cost compounds in ways that make Tasmanian accommodation significantly less competitive than interstate alternatives.

Most of our bookings come through platforms such as Airbnb, Stayz, or Booking.com. Based on our operational experience, these platforms calculate their service fees as a percentage of the total booking amount, typically in the range of twelve to fifteen and a half percent. Critically, when the levy is added to the total booking fee, the platforms calculate their commission on that higher amount. This means international booking platforms earn additional commission on a government tax, creating a windfall profit that flows offshore while Tasmanian travelers and businesses bear the burden.

## The Compounding Cost Effect

Consider the real-world cost impact using our portfolio average of \$1,346 total booking value:

Before the levy: - Total booking fee: \$1,346 - Booking channel fee (13% as example): \$175 - Guest pays: \$1,521

After the levy: - Total booking fee: \$1,346 - Proposed levy (5%): \$67 - Booking channel fee (13% now calculated on \$1,413): \$184 - Guest pays: \$1,597

Impact: - Guest pays \$76 more (5.0% increase on their total out-of-pocket cost) - Booking platform earns an additional \$9 simply because the government imposed a levy - The platform provides no additional service but profits from the tax

When this effect is multiplied across thousands of bookings, international platforms generate tens of thousands of dollars in additional commission revenue annually from Tasmania's levy, money that leaves the Australian economy entirely while contributing nothing to housing outcomes.

Tasmania becomes cost prohibitive compared to competitor destinations. A family considering a week-long Tasmanian holiday now faces accommodation costs approximately five percent higher than equivalent properties in Queensland or New South Wales that don't impose such levies. For price-sensitive travelers (families, retirees, young travelers) this increase is material and will influence destination choice.

Consider the competitive position. Based on typical weekly bookings across our portfolio, a family booking approximately \$3,000 in accommodation for a week in Tasmania now pays \$3,150 including the levy. The same family can book Queensland properties at \$3,000 with no levy. For families budgeting carefully, that \$150 difference represents several days of meals, attraction entries, or fuel. They will choose Queensland, New South Wales, or other destinations where Tasmania's costs no longer justify the value.

The levy creates perverse incentives for international platforms. Airbnb, Stayz, Booking.com and other platforms now benefit financially from higher taxes on Tasmanian accommodation. They have no incentive to help reduce the tax burden or to advocate for more effective housing policies. Instead, they profit from each incremental tax increase while their corporate structures minimize tax paid in Australia. The benefit flows overseas to shareholders while Tasmanian property owners, workers, and communities bear the economic consequences.

This fundamentally undermines Tasmania's visitor economy competitiveness. Tasmania already operates at the geographic periphery, requiring visitors to pay for flights or ferry crossings that mainland destinations don't require. The state's tourism success has been built on offering value, authenticity, and unique experiences that justify the additional access costs. When accommodation becomes five percent more expensive than mainland alternatives, Tasmania loses a critical competitive advantage.

The policy question is whether Tasmania can afford to make itself a more expensive destination at a time when international travel is becoming more accessible and competitive, interstate destinations are investing heavily in tourism infrastructure, economic pressures are making travelers more price-sensitive, and Tasmania's geographic isolation already imposes cost barriers.

The levy doesn't just affect property owners and managers. It materially reduces Tasmania's competitiveness as a destination, making the state cost prohibitive for budget-conscious travelers while enriching international platforms that contribute minimally to the Australian economy.

## **PROPERTY OWNERS FACE MULTIPLE LAYERS OF TAXATION FOR PROVIDING TOURISM INFRASTRUCTURE**

The proposed levy creates what effectively functions as additional taxation on property owners who are already contributing substantially to government revenue through multiple existing tax mechanisms while simultaneously providing essential infrastructure for Tasmania's visitor economy.

When someone owns a property operated for short-term rental in Tasmania, they are already paying council rates on that property, which fund local infrastructure and services. They pay state land tax if the property value exceeds the relevant threshold, which funds state services. They pay income tax on any profit the property generates, which funds federal services and programs. They pay GST on all accommodation services including subcontractors, cleaning, management and trades, which flows back into federal revenue. And now they are being asked to pay an additional five percent levy on gross revenue regardless of whether the property is actually profitable after accounting for mortgage interest, maintenance, insurance, cleaning, and management costs.

The government frames this as a tax paid by guests rather than owners, but this is semantic distinction without economic substance. When you add a five percent cost

to any product or service, the economic burden is borne through some combination of higher prices to buyers, lower returns to sellers, or reduced quality of the product. The government can label it however they prefer, but someone in the transaction bears the real economic cost of that five percent extraction.

What makes this particularly problematic is taxing homeowners and the visitor economy to pay first home owners. Property owners who are operating short-term rentals, paying all their existing taxes, contributing to employment through engaging our 15 staff members and 20+ regular subcontractors, and providing accommodation infrastructure that makes major events and regional tourism viable are now being asked to subsidize other people's entry into the housing market through first home buyer programs. This represents revenue extraction from one sector to fund demand-side subsidies in another, without addressing the structural housing supply constraints that actually determine affordability.

The government's housing policy narrative also contains an internal contradiction. On one hand, the policy rhetoric suggests that short-term rentals reduce housing availability and implies these properties should return to long-term rental use. On the other hand, the budget projections assume these properties will continue operating as short-term rentals indefinitely to generate the expected eleven million dollars annually in revenue. If the policy actually succeeded in moving substantial numbers of properties back to long-term rental, the revenue would disappear. This reveals that the levy is fundamentally about revenue extraction from a sector the government believes can bear the cost, not about genuinely addressing housing supply through evidence-based policy.

## **THE LEVY THREATENS FUTURE PROPERTY INVESTMENT IN REGIONAL TASMANIA**

Beyond the immediate impact on existing properties, the levy creates a significant deterrent to future property investment in regional Tasmania, which has implications for housing supply that policymakers appear not to have considered.

Based on our operational experience, short-term letting currently enables property acquisition in regional Tasmania rather than displacing existing housing. Many interstate and pre-retirement buyers purchase regional properties specifically because short-stay income offsets holding costs in low-yield markets. These are typically properties that would not generate sufficient return for long-term rental due to location, seasonal demand patterns, or local rental market limitations.

Without the viability that short-term rental income provides, several consequences follow:

The property is frequently not purchased at all. If the investment equation doesn't work, buyers don't proceed. This means existing housing stock sits vacant or deteriorates rather than being improved and utilized.

Renovation or construction does not occur. Many buyers purchase older or rundown properties with the intention of renovating them, funded in part by projected short-term rental income. When the levy reduces projected returns, these renovation projects become unviable. Properties that would have been upgraded remain in poor condition or are demolished rather than improved.

Capital inflow into regional communities reduces. Each property purchase represents capital flowing into regional economies through conveyancing, trades, retail purchases, and ongoing maintenance. When purchases don't occur, this capital stays elsewhere.

The levy therefore risks reducing future dwelling investment and improvement rather than reallocating existing housing stock into long-term rental. This is particularly problematic in regional areas where property values are lower, rental yields are modest, and housing stock is aging. The very areas where housing improvement is most needed may see reduced investment.

For the government's housing objectives, this creates a perverse outcome. Instead of moving existing properties from short-term to long-term rental (which the Victorian evidence shows doesn't happen anyway), the levy discourages future investment that would add to or improve the housing stock. Regional Tasmania ends up with fewer improved dwellings, not more affordable housing.

## **THE POTENTIAL ECONOMIC IMPACT ON TASMANIA'S VISITOR ECONOMY**

If the levy makes the economics of professional short-term rental management sufficiently unfavorable, some portion of our portfolio will exit the market through conversion to long-term rental or through sale. Even a modest ten percent reduction in our portfolio would have significant ripple effects throughout Tasmania's visitor economy that extend far beyond just accommodation revenue.

## Direct Visitor Capacity Loss

We currently manage 180 properties. If ten percent leave the short-stay market, that represents eighteen properties no longer available for visitors. Based on our operational data from 5,330 bookings with an average stay of 6.3 nights and an average of 3.2 guests per booking:

Annual capacity from eighteen properties: - Based on 65% average occupancy: approximately 4,266 guest nights per year - Given our 6.3 night average stay: approximately 677 separate bookings - At 3.2 guests per booking: approximately 2,166 individual visitors annually

These are not abstract numbers but real visitors who would either not come to Tasmania or would displace other visitors by taking up hotel rooms that would otherwise be available. The 2,166 visitors represent families, groups, contractors, and medical travelers who specifically require the whole-dwelling accommodation that our properties provide.

## Economic Multiplier Effects

The economic significance becomes clear when we consider visitor spending beyond accommodation. Tourism research consistently demonstrates that accommodation represents only about twenty-five to thirty percent of total visitor spending. The remainder goes to restaurants, cafes, attractions, tours, retail, wine experiences, transportation, and other goods and services throughout the local economy.

Based on our average booking value of \$1,346, eighteen properties generating approximately 677 bookings annually represent roughly \$911,000 in accommodation revenue. If accommodation represents twenty-five percent of total visitor spending, the total economic impact including all other visitor spending approaches \$3.6 million in economic activity across the Tasmanian economy.

This is the real cost of policies that make professional short-term rental management economically unviable. The state government benefits from this economic activity through various tax revenues including payroll tax from hospitality businesses, land tax from commercial properties, and GST revenue sharing, yet they are implementing a policy that could undermine this economic foundation.

## Employment and Contractor Impact

The reduction in managed properties directly threatens employment. Each property we remove from our portfolio reduces the work available for: - Our 15 local staff members who coordinate bookings, manage guest services, and oversee operations - The 20+ subcontractors we engage regularly for cleaning, maintenance, trades, and other services - The broader network of suppliers including linen services, consumables providers, and property services

Professional short-term rental management creates distributed employment across regions. When properties exit professional management, this employment either disappears or shifts to informal arrangements where workers lose reliable income streams and professional working conditions.

## Major Events Depend on STR Capacity

The impact extends to Tasmania's ability to host major events. When significant concerts, sporting events, festivals, or conferences come to Tasmania, they create demand spikes that far exceed the capacity of hotels and motels. Our properties and those of other professional managers absorb this overflow demand. Without this accommodation capacity, event organizers and promoters must question whether Tasmania can adequately host their events.

A concrete example demonstrates the scale of economic activity at stake. According to the Lord Mayor of Launceston, a major concert event in Northern Tasmania generated approximately \$7 million in local economic activity.<sup>9</sup> The Lord Mayor noted that the city reached 99% accommodation occupancy for that event weekend, with no way traditional accommodation could have coped without the distributed capacity provided by short-term rental properties.

The scalability of short-term rentals is what enables Tasmania's event strategy. Fixed hotel capacity cannot flex to accommodate temporary surges. When the levy reduces short-stay stock, it directly constrains Tasmania's event hosting capability and the associated economic multipliers that benefit the entire state economy.

## Professional Management Distributes Economic Benefits

Professionally managed short-stay accommodation also supports a distributed local economy. Each property in our portfolio generates ongoing work for cleaners, linen providers, trades, photographers and service contractors. In addition, professional operators actively guide visitor behavior. Guests are provided with regional guides, local business recommendations and curated experiences

encouraging them to explore surrounding towns and services. This promotes visitor dispersal, spreading tourism expenditure across regional communities rather than concentrating it within limited commercial accommodation zones.

Self-managed properties rarely provide this level of regional guidance. Guests in professionally managed accommodation are directed to local producers, attractions, restaurants, and experiences they would not otherwise discover. This structured distribution of visitor spending benefits businesses across wider geographic areas rather than clustering spending in established tourist centers.

A contraction in professionally managed supply therefore reduces both accommodation availability and the structured distribution of visitor spending across regional Tasmania. This has particular implications for small businesses in towns adjacent to major tourist centers that rely on dispersed visitors rather than concentrated hotel guest spending.

## **VICTORIA'S LEVY HAS FAILED TO ACHIEVE ITS HOUSING OBJECTIVES**

The Tasmanian Government is proposing to model its levy on Victoria's approach, yet thirteen months of data from Victoria's implementation demonstrates conclusively that this policy has not achieved its stated objective of increasing housing availability for long-term renters. Tasmania should not replicate a policy that has already proven ineffective in the only Australian jurisdiction where it has been tested at scale.

Victoria implemented a 7.5% short-stay levy on January 1, 2025, with the explicit goal of encouraging properties to shift from short-term rental to long-term rental, thereby increasing housing availability. The Victorian Government claimed this would address housing affordability by reducing competition for rental properties. After more than a year of operation, the empirical evidence directly contradicts this assertion.

According to analysis by Rentalscape and Deckard Technologies published in May 2025, short-term rental listings in Victoria increased by 6.6% year-on-year following the levy's introduction.<sup>1</sup> Listings rose from 70,059 to 77,783 properties, while unique properties climbed from 43,233 to 47,928. This growth rate actually exceeded the 4.2% growth recorded in the year before the levy was introduced, meaning the market accelerated its growth after the tax was imposed rather than contracting as the policy intended.

This outcome was entirely predictable and was in fact predicted. Research commissioned by the Victoria Tourism Industry Council and conducted by New Focus Research in July 2024 before the levy's implementation surveyed property owners about their likely responses. The research found that only one to six percent of property owners indicated any likelihood of shifting to long-term rentals in response to the levy.<sup>2</sup> VTIC CEO Felicia Mariani stated at the time that the research confirmed only some five percent of property owners would consider shifting their accommodation to the long-term rental market, and she warned that these insights illustrated the government's objective would not be achieved by implementing this levy.

The Victorian Parliamentary Budget Office, when analyzing the proposal before implementation, notably did not estimate how many properties would convert from short-stay to long-term rental, acknowledging the data limitations and uncertainty around behavioral responses. The Victorian Parliamentary Committee's Report on the Inquiry into the Rental and Housing Affordability Crisis concluded there is insufficient evidence to accurately gauge the effects of short-stay accommodation on the long-term rental market,<sup>10</sup> which raises serious questions about why the levy was pursued at all if the evidence base was so uncertain.

The geographical distribution of Victoria's short-term rentals explains why conversion to long-term rental was always unlikely. Approximately one-third of Victoria's short-term rentals are concentrated in just four tourism-dependent regional shires where they represent substantial proportions of the total dwelling stock. These are not locations with significant long-term rental demand. They are tourism destinations where properties serve seasonal visitor accommodation needs. A ski chalet or a beach house in regional Victoria is not going to become long-term rental housing for local workers regardless of what tax is imposed on short-stay use. These properties would more likely sit vacant, be used exclusively by owners, or be sold rather than converted to long-term rental.

## Owner Behavioral Responses Based on Operational Experience

The Victorian experience demonstrates a critical behavioral pattern that Tasmania should anticipate. Based on our direct operational experience managing properties across Tasmania, when cost pressures increase, owners don't simply convert to long-term rental. The likely behavioral responses include:

- Withdrawal from professionally managed accommodation - owners remove properties from management platforms entirely

- Increased self-management - owners attempt to manage directly, typically with lower standards and reduced compliance
- Reduced availability windows - properties become available fewer weeks per year, reducing supply without converting to residential use
- Return to private holiday use - owners retain properties for personal use only, removing them from any rental supply
- Sale to other lifestyle purchasers - properties sell to buyers with similar holiday intentions, not residential purchasers
- Limited transition into long-term rental - only occurs where location, configuration, and personal circumstances align, which is rare in regional contexts

The critical observation is that the levy produces a reduction in regulated, professionally managed accommodation rather than a proportional increase in residential housing. Properties become less visible to regulators rather than becoming available for residential tenancy.

This is precisely what Victoria's data shows at scale. The 6.6% increase in listings suggests some properties simply moved between platforms or operators, while the absence of significant long-term rental conversion indicates properties either stayed in short-term use (absorbing the levy) or moved to private/intermittent use (disappearing from all rental markets).

The Australian Capital Territory, when developing its own short-stay levy approach, explicitly learned from Victoria's problems. ACT Treasurer Chris Steel stated publicly in March 2025 that they had looked very closely at the Victoria model and there were significant issues with the implementation of the levy. The ACT consequently designed their approach differently, limiting it to platform bookings only and excluding direct bookings, though even this modified approach is unlikely to achieve better housing outcomes.

Tasmania is proposing a five percent levy compared to Victoria's 7.5%, which means an even smaller financial impact per property and therefore even less likelihood of changing owner behavior. If Victoria's higher levy rate failed to achieve housing objectives, Tasmania's lower rate is even less likely to succeed. The Tasmanian Government has provided no evidence or modeling to explain why they believe a five percent levy will achieve outcomes that Victoria's 7.5% levy demonstrably failed to achieve.

## **FIRST HOME BUYER GRANTS INFLATE PRICES: TAXING HOMEOWNERS AND VISITOR ECONOMY TO PAY FIRST HOME OWNERS**

The proposal to direct revenue from the short-stay levy toward first home buyer grants represents a fundamentally economically counterproductive approach: taxing homeowners and the visitor economy to pay first home owners. This policy takes money from tourism accommodation and injects it into housing demand through grants, but decades of Australian research demonstrate conclusively that demand-side housing subsidies are simply capitalized into higher property prices rather than improving genuine affordability for the intended beneficiaries.

The empirical evidence on this question is overwhelming and consistent across different time periods and different research methodologies. Research from Deakin University analyzing Australia's First Home Buyer Grant found that the program increased house prices by approximately 18.8%, representing roughly \$57,321 in additional cost.<sup>3</sup> The study concluded that due to the combination of the grant, increased borrowing capacity it enabled, and inelastic housing supply, the grant did increase the median price of houses. The researchers found that rather than helping buyers afford homes, the grant simply raised the price level that buyers had to meet.

The Australia Institute documented twenty years of failed first home buyer grant attempts in their November 2023 analysis, concluding that demand-side policies that give people more money to spend on housing tend to just end up increasing prices more.<sup>4</sup> They noted this suggests the scheme may actually reduce housing accessibility in the long term, which is precisely the problem such measures are designed to address. The fundamental flaw is that grants increase the amount buyers can pay without increasing the number of properties available, so the additional purchasing power simply raises the price level that all buyers must meet.

### **Historical Case Studies Demonstrate Price Inflation**

Historical case studies from Australia provide stark real-world evidence of this price inflation dynamic. When the Rudd Government introduced the First Home Owner Boost in October 2008, adding \$14,000 for new homes and \$7,000 for established homes to the existing \$7,000 base grant, house prices soared by twenty percent in the twelve months to March 2010. The Australian Bureau of Statistics described this as the fastest price growth ever recorded in Australian history. The UNSW City

Futures Research Centre director stated directly that the boost had resulted in inflated prices and had created a mini-bubble in the housing market.

The COVID-19 HomeBuilder program provides even more recent evidence. Initially budgeted at \$680 million for 27,000 grants of \$25,000 each for new builds, the actual cost exceeded \$2.6 billion with over 113,000 applications approved. The 2024 COVID-19 Inquiry report found HomeBuilder was largely not appropriate as a policy response and likely added two percentage points to the nation's inflation rate by December 2022. New dwelling prices increased by a record 20.3% over the year ending June 2022, while average house completion times increased by fifty percent due to the demand surge the grants created. This demonstrates that large-scale grant programs not only inflate prices but also create supply chain bottlenecks that further reduce housing affordability.

When Queensland doubled its First Home Owners Grant from \$15,000 to \$30,000 in November 2023, the Real Estate Institute of Queensland immediately warned that builders in Queensland were already facing the highest construction costs in the country, and they expected this measure to drive up those costs further. This prediction proved accurate, with construction prices rising significantly in the following months as the additional grant money flowed into demand without corresponding supply increases.

## Leading Economists Confirm the Mechanism

Leading Australian economists have been remarkably consistent in their assessment of these policies. Saul Eslake, former ANZ Chief Economist and Treasury official, delivered perhaps the most devastating critique, stating it is hard to think of any government policy that has been pursued for so long, in the face of such incontrovertible evidence that it does not work, than the policy of giving cash to first home buyers in the belief that doing so will promote home ownership.

Eslake observed that these grants should be called Existing Home Vendors' Grants because that is where the money ends up, rather than First Home Owners' Grants. He noted a telling historical statistic: the overall home ownership rate has never been higher than it was at the 1961 Census, which was immediately before governments started going down this path of demand-side subsidies. This demonstrates that fifty-plus years of first home buyer grants have not improved home ownership rates compared to the baseline that existed before such programs were introduced.

The Grattan Institute stated in their 2018 report "Housing Affordability: Re-imagining the Australian Dream" that demand-side measures such as first home

buyer grants often exacerbate price pressures when supply is inflexible. They explicitly recommended that money for social housing, not home buyers grants, is the key to addressing affordability. This represents the consensus view among housing policy experts that supply-side interventions are necessary to improve affordability, while demand-side subsidies simply inflate prices.

## The Policy Trap: Taxing Homeowners and Visitor Economy to Pay First Home Owners

Using levy revenue from short-term rentals to fund first home buyer grants creates a particularly self-defeating policy trap:

1. Money is extracted from homeowners who operate short-term rentals and from the visitor economy through the levy
2. This revenue is injected into housing demand through grants to first home buyers
3. The additional purchasing power is capitalized into higher property prices through bidding competition among buyers
4. The grants trigger building cost increases as builders respond to increased demand without supply constraint
5. The benefit is captured by existing property owners who can sell at higher prices and builders who can charge more
6. Housing becomes less affordable for the intended beneficiaries who must compete against other grant recipients
7. Meanwhile, homeowners operating short-term rentals and the tourism sector have been taxed to fund a transfer that primarily benefits vendors and builders

This is the essence of taxing homeowners and the visitor economy to pay first home owners while actually making housing less affordable. Revenue is extracted from one productive sector to fund subsidies that flow primarily to different beneficiaries than intended, while actually worsening the problem the policy claims to address.

## Better Alternatives for Housing Policy

If housing affordability assistance is genuinely a policy priority, it should be funded through general revenue and structured as supply-side interventions that actually increase housing stock, or as shared equity schemes that don't inflate prices.

Tasmania is currently the only Australian state that has not opted into the Federal Government's Help to Buy scheme, which allows eligible low and middle income

earners to purchase a home with as little as a two percent deposit through shared equity arrangements.

Alternatively, if the genuine policy objective is to support crisis housing and emergency accommodation (a legitimate community need) levy revenue could be directed there rather than to first home buyer grants that have been proven counterproductive by decades of evidence. This would align with the essential accommodation functions that short-term rentals already serve, as demonstrated by the 24% of our reservations that serve non-tourism purposes including emergency housing.

## **SHORT-TERM RENTALS SERVE VISITOR SEGMENTS THAT HOTELS CANNOT ACCOMMODATE**

An important dimension often overlooked in policy discussions is that short-term accommodation does not simply compete with hotels for the same visitors. It serves distinct visitor market segments that traditional accommodation structurally cannot absorb at scale, particularly in regional areas. This is reflected in our operational data showing average stay lengths of 6.3 nights compared to the market average of 3.4 nights, and our guest composition data showing that couples and small groups (3-4 people) represent our largest market segments.

Families traveling with multiple children face a critical accommodation problem in the hotel sector. Multiple hotel rooms are financially prohibitive for many families, often doubling or tripling their accommodation costs compared to a single dwelling. More importantly, separating children from parents across multiple rooms raises significant supervision and safety concerns, particularly for families with young children. Parents must choose between unaffordable costs or compromising child safety. Short-term rental accommodation allows the entire household to remain together in a single dwelling at a manageable cost with appropriate supervision.

Our data shows 1,834 bookings from small groups (3-4 guests) and 1,081 bookings from large groups (5+ guests), representing more than half of our total bookings. These families and groups require whole-dwelling accommodation that hotels cannot provide.

Multi-generational groups traveling together (grandparents with adult children and grandchildren) require space and facilities that hotels cannot provide. These groups need multiple bedrooms, shared living spaces, and the ability to prepare meals

together. This market segment represents significant visitor spending but requires whole-dwelling accommodation.

Long-stay visitors including contractors, medical patients, and relocated workers need kitchen facilities and living spaces for extended periods. Hotels are neither cost-effective nor appropriate for stays extending beyond a few nights. Yet these visitors are essential to regional economies and infrastructure projects. This is reflected in our data showing 24% of reservations serving essential non-tourism purposes including trades, medical, and crisis accommodation, and our average stay length of 6.3 nights indicating longer-term visitor needs.

Visitors requiring self-catering facilities benefit both themselves and the broader regional economy. Because these visitors can prepare their own meals, they shop at local markets, grocers, butchers, and producers rather than spending exclusively within hospitality venues. This distributes tourism expenditure more broadly through regional communities, supporting retail and primary producers who might otherwise see limited tourist spending.

Regional touring travelers staying across multiple nights in different locations need flexibility and value that hotel chains cannot provide in small regional towns where hotel options may be limited or non-existent.

For all these segments, short-term rental accommodation isn't an alternative to hotels, it's the enabling infrastructure that makes their visits possible. When the levy reduces this accommodation supply, these visitors don't shift to hotels. They either don't come to Tasmania, or they visit for shorter periods, or they concentrate in larger centers where hotel capacity exists, reducing the geographic distribution of visitor spending that benefits regional communities.

The policy question isn't whether STR competes with hotels, but whether Tasmania wants to serve only the visitor segments hotels can accommodate while excluding families, multi-generational groups, long-stay visitors, and others who require different accommodation types. The levy effectively taxes accommodation diversity, pushing Tasmania toward a narrower range of visitor types and concentrating economic activity in fewer locations.

## **STANDARDS-BASED REGULATION IS A SUPERIOR ALTERNATIVE**

Multiple Australian jurisdictions have developed regulatory frameworks that address legitimate concerns about short-term rentals through professional

standards, safety requirements, and accountability mechanisms rather than revenue extraction through taxation. These approaches demonstrably achieve better outcomes for communities, guests, and the tourism sector than punitive levies that fail to accomplish their stated objectives.

## Queensland's Property Management Licensing Model

Queensland operates Australia's most comprehensive property management licensing regime under the Property Occupations Act 2014 and Agents Financial Administration Act 2014.<sup>7</sup> This framework establishes professional standards that could readily be adapted specifically for short-term rental management. Key elements include:

- Qualification requirements with Certificate IV in Property Services covering legal frameworks, tenancy agreements, property administration, and ethical conduct
- Trust accounting compliance with separate trust accounts, client fund segregation, detailed record-keeping, and mandatory annual audits
- Penalties up to \$32,260 or two years imprisonment for trust money violations
- Consumer protection measures including mandatory insurance and compliance with rental laws
- Continuing professional development requirements

This Queensland model creates a clear professional pathway from entry-level registration through to principal licensing with structured training at each stage. It ensures professional standards and consumer protection through enforceable requirements rather than simply extracting revenue. Moxxi has voluntarily adopted these standards in our operations despite Tasmania not requiring them, which demonstrates both that the sector is willing to embrace higher standards and that such standards are achievable without imposing additional taxes.

## New South Wales Code of Conduct

New South Wales implemented a mandatory Short-Term Rental Accommodation Code of Conduct in December 2020 that represents current Australian best practice for standards-based regulation.<sup>5</sup> The Code applies to hosts, guests, letting agents, and booking platforms, creating shared accountability across all participants:

Host obligations include holding third-party liability insurance, maintaining contactability between 8am and 5pm daily plus emergency availability, providing

the Code and by-laws to guests, and registering on the mandatory STRA Register with a \$65 fee.

Guest obligations include no unreasonable noise, no property damage, no violent or threatening behavior, and responsibility for visitor conduct.

Platform obligations include informing participants about the Code, only advertising registered premises, and checking the exclusion register before accepting bookings.

The NSW framework mandates fire safety standards including interconnected smoke alarms, evacuation plans, and fire extinguishers. Critically, it includes a two-strike exclusion system where two strikes within two years results in a five-year ban from the industry for either hosts or guests. This creates meaningful consequences for bad behavior and removes problematic actors from the market entirely, which taxation cannot accomplish.

This NSW approach addresses the core concerns that short-stay levies purport to address, but does so through accountability mechanisms rather than revenue extraction. It creates registration that enables government oversight and data collection. It establishes enforceable behavioral standards that address noise and amenity concerns. It ensures guest safety through mandatory safety equipment and standards. It removes bad actors through the exclusion register rather than simply taxing everyone regardless of their compliance with community standards.

## Evidence That Standards Outperform Taxation

Research evidence demonstrates that standards-based approaches outperform taxation in actually changing market behavior. Research from Chicago found that registration requirements and data sharing with regulators led to a 16.4% reduction in listings.<sup>11</sup> This reduction was driven by regulators' ability to receive detailed data feeds from platforms, identify non-compliant properties, and enforce against violations. The reduction came from removing problematic operators rather than simply taxing everyone.

Academic literature systematically reviewed in 2025 concluded that caps on rental nights, quality standards, and eviction restrictions control short-term rental supply effectively, while taxation supports balanced spatial distribution and market stability but not necessarily as a primary regulatory tool. This scholarly consensus confirms that when the policy objective is actually controlling supply or addressing specific concerns, standards and restrictions are more effective than taxation.

Victoria's experience provides direct empirical validation of this finding. Despite implementing Australia's highest short-stay levy at 7.5%, listings increased by 6.6%

in the first year. Taxation alone demonstrably does not address the core concerns that communities have about short-term rentals. A levy does not reduce noise complaints, improve fire safety, protect guests from unsafe properties, or create accountability for bad behavior by hosts or guests. Standards and enforcement create the accountability mechanisms that taxation cannot provide.

## Professional Management Provides Compliance Infrastructure

Professional management provides centralized regulatory compliance including safety standards, insurance, and accountability mechanisms. When cost pressures encourage self-management or intermittent operation, accommodation activity becomes less visible rather than disappearing. Properties move from regulated, inspected, compliant operations into informal arrangements where regulatory oversight is minimal.

This creates several problematic outcomes:

Safety standards decline. Professional managers ensure smoke alarms, fire extinguishers, and emergency procedures meet requirements. Self-managed properties frequently lack these standards, putting guests at risk.

Insurance gaps emerge. Professional managers maintain appropriate liability coverage. Self-managed owners often operate without adequate insurance, creating risk for both guests and owners.

Accountability disappears. Professional managers provide 24/7 emergency contacts and complaint resolution. Self-managed properties often lack responsive management, leading to neighborhood conflicts and guest issues that remain unresolved.

Compliance becomes invisible. Professional managers file returns, remit taxes, and maintain records that enable regulatory oversight. Self-managed properties often operate informally, making compliance verification difficult or impossible.

The levy risks creating exactly the opposite outcome from what effective regulation should achieve. Instead of professionalizing the sector through standards and licensing, it creates cost pressures that push properties toward informal, unregulated operation. Accommodation activity doesn't stop, it just becomes harder to supervise, regulate, and tax.

This is particularly concerning because the transactional nature of the levy makes it relatively easy for solo and small operators to avoid compliance. Unlike a land tax value approach which applies consistently to all properties regardless of usage

reporting, a levy based on bookings relies on operators accurately declaring their transactions. Professional managers like Moxxi operate transparently with full compliance, but there will inevitably be operators who underreport or avoid registration entirely. A land tax value approach for STR properties would provide consistency and a framework that's harder to evade.

This is why standards-based regulation outperforms taxation. Standards bring properties into compliance. Taxation pushes them toward informal operation. The policy objective should be visibility and accountability, not cost extraction that encourages avoidance.

### Addressing Community Concerns: Beyond "Not In My Backyard"

Policy discussions about short-term rentals sometimes focus disproportionately on "not in my backyard" objections from residents concerned about living near STR properties. While we take neighborhood amenity seriously and support strong behavioral standards and enforcement, it's important to provide a balanced perspective on these concerns.

Our operational experience managing 180+ properties across Tasmania demonstrates that the vast majority of short-term rental experiences are positive. We regularly hear good news stories from travelers who appreciate the "home away from home" feeling that short-term rental accommodation provides. Property owners often develop connections with returning guests who become familiar faces in their communities. Many neighborhoods benefit from the economic activity and property maintenance standards that professionally managed STR properties bring.

Regarding concerns about crime and safety: Crime exists everywhere regardless of who occupies a property. Short-term guests are not inherently more likely to engage in criminal activity than permanent residents. In fact, professionally managed properties maintain insurance requirements, guest verification processes, and 24/7 emergency response capabilities that enhance rather than diminish neighborhood safety.

Regarding concerns about parties and noise: Parties occur rarely in professionally managed short-term rentals, and when they do, they're no different from a neighbor throwing a party of their own. The difference is that professional management companies have immediate accountability mechanisms: 24/7 contacts, rapid response protocols, and the ability to terminate bookings and ban problematic guests through exclusion registers. A problematic permanent resident can be much harder for neighbors to address through formal channels.

This is why standards-based regulation with clear codes of conduct, enforceable behavioral requirements, and exclusion registers addresses legitimate community concerns far more effectively than taxation. Standards create accountability and consequences for bad behavior. Taxation simply extracts money without improving outcomes for communities.

The policy question shouldn't be whether to allow short-term rentals in residential areas, but rather how to ensure they operate professionally with proper standards, safety measures, and accountability to communities. This is what Moxxi and other professional operators support: regulation that works, not revenue extraction disguised as housing policy.

### Tasmania's Existing Foundation

Tasmania already operates a functional permit system requiring short and medium stay accommodation hosts to register with local councils. This standards-based foundation can be enhanced and strengthened without implementing a poorly-designed levy modeled on Victoria's failed approach. The infrastructure for registration and oversight already exists at the local government level. What is needed is enhancement of standards and enforcement mechanisms, not a new state taxation regime that will prove difficult to enforce equitably.

## **THE LEVY THREATENS TASMANIA'S BRAND AND TOURISM INVESTMENT**

### Short-Term Rentals Represent Global Accommodation Growth

Major booking platforms have identified holiday rentals as their primary growth engine. Booking.com reports that holiday rentals now represent 37% of their Q2 2025 room nights, up 10 percentage points from 2024 and growing 10% year-over-year while outpacing hotel growth.<sup>45</sup> The platform's leadership states "our Holiday Rentals business is the growth engine of the company," with 8.4 million listings globally and one-third of travelers belonging to their most loyal customer tiers.<sup>45</sup>

Australia's luxury travel market reflects this global shift, valued at USD \$42.4 billion in 2025 and projected to reach \$71.8 billion by 2034.<sup>28</sup> High-net-worth travelers increasingly seek bespoke experiential travel, with Australian luxury operators expanding private aviation and curated itineraries in response to growing demand.<sup>28</sup> Travel is viewed as an investment in experiences and cultural

enrichment rather than discretionary spending.<sup>28</sup> Tasmania's short-term rental market provides the flexibility and customization required for these bespoke experiences, elevating the state's reputation and economic contribution.

## Family and Group Travel Drives STR Demand

Global booking data confirms families and groups as core STR markets. Booking.com's 2026 predictions show 77% of travelers are open to vacation homes with enhanced amenities,<sup>12</sup> while 71% seek unique, experience-based destinations.<sup>12</sup> Australian data shows 25-34% of STR properties across major markets accommodate 6+ guests, serving family and group segments hotels cannot match.<sup>36,39,41,43</sup>

Airbnb confirms groups and families represent over 60% of staycation searches,<sup>16</sup> with nearly half of winter travelers vacationing with family.<sup>24</sup> Families lead domestic winter travel, with 80% choosing suburban and rural locations.<sup>24</sup> Multi-generational travel is rising, with 65% of Australian boomers funding children's vacations and 67% funding grandchildren's trips.<sup>31</sup>

## Premium Properties Drive Tasmania's Tourism Economy

Tourism contributes approximately \$4.55 billion annually to Tasmania's economy, representing 10.8% of Gross State Product.<sup>46</sup> The sector supports 50,800 jobs, the highest proportional employment share of any Australian state.<sup>46</sup> Short-term rental accommodation represents critical infrastructure supporting this economic contribution.

High-profile properties like The Keep, Avalon, and Table Cape House generate earned media value far beyond their individual bookings. Featured consistently in national publications, these properties position Tasmania as a premium, design-led destination rather than a budget alternative. They attract high-wealth visitors who engage private chefs, wine tours, and helicopter services, then often become investors in Tasmania themselves.

Tasmania's winter experience economy, built around outdoor baths, hot tubs, and saunas, has extended the tourist season and created employment during traditionally quiet months. Cross-pollination with vineyards, distilleries, and farm operations creates integrated experiences that strengthen both accommodation and primary industries.

The levy undermines the investment equation for these distinctive properties. Entrepreneurs considering bespoke developments compare regulatory

environments across jurisdictions. When Tasmania adds a five percent levy while Queensland, New South Wales, and Victoria maintain more favorable conditions, investment flows elsewhere. These properties showcase Tasmania's natural landscape to global audiences through earned media and visitor advocacy. Reduced investment in distinctive accommodation threatens Tasmania's positioning as a premium destination.

## Events and Specialized Markets Depend on STR Capacity

Event-driven travel accounts for 65% of top-searched dates globally, with concerts ranking second as travel motivators (23% of travelers).<sup>15,16,21</sup> STR properties serve weddings, corporate retreats, and health tourism, which Visit Northern Tasmania has identified as a growing market segment. Without flexible whole-dwelling capacity, Tasmania becomes less competitive for event organizers and group coordinators.

## The Levy Removes Tasmania from Global Growth Trajectory

When Tasmania imposes a levy that makes properties less competitive, the state removes itself from the fastest-growing segment of global travel. The levy doesn't just impact individual owners; it positions Tasmania outside the primary growth trajectory that platforms and travelers are pursuing. Entrepreneurs considering investment in distinctive properties will compare Tasmania's regulatory environment against interstate alternatives where no such tax applies, and many will conclude the investment equation no longer works.

High-wealth visitors who experience Tasmania through exceptional properties become ambassadors for the state, sharing experiences and often investing themselves. This word-of-mouth marketing and capital attraction cannot be replaced by government campaigns, yet it depends entirely on private sector viability. If Tasmania becomes cost-prohibitive through accumulating levies and barriers, investment flows to Queensland, New South Wales, or international markets instead.

## **SHORT-TERM RENTALS PROVIDE ESSENTIAL NON-TOURISM ACCOMMODATION**

A critical dimension of short-term rental capacity is its role in providing flexible accommodation for essential non-tourism uses. Our operational data demonstrates this concretely: 24% of our 2025 reservations served purposes that

will be exempt from the levy, including owner stays, medical and healthcare-related accommodation, trades and contractor housing, crisis accommodation, and insurance-related displacement.

This 24% figure represents only those stays we can definitively categorize as exempt based on booking duration and purpose. Many additional shorter-term stays serve these same essential functions but are difficult to quantify systematically. The actual proportion of essential non-tourism use across the STR sector is likely substantially higher.

Workforce accommodation is a major component of STR utilization. Contractors working on infrastructure projects, seasonal agricultural workers, construction crews, and specialized service providers all require short to medium-term accommodation near work sites. Hotels are neither cost-effective nor appropriately equipped for these stays. Without STR capacity, regional infrastructure projects face significant accommodation constraints that increase costs or delay work.

Medical stays represent another essential use documented in our operational data. Patients and family members traveling to regional centers for specialist appointments, treatments, or procedures often require multiple-night stays. Self-contained accommodation with kitchen facilities is both more affordable and more appropriate for people managing medical conditions than hotel rooms. Regional hospitals and specialists rely on STR availability to make treatment accessible to patients from outlying areas.

Displacement and emergency accommodation draws on STR capacity during crises. When natural disasters, house fires, or family emergencies require immediate temporary housing, short-term rental properties provide rapid-response capacity that emergency services and community organizations access. This flexible capacity is particularly critical in regional areas where emergency accommodation alternatives are minimal. Our data shows this usage in our crisis housing and insurance-related bookings.

Family visits for elderly care often involve extended stays in regional areas. Adult children caring for aging parents, or families managing end-of-life care, need flexible medium-term accommodation near family members. This allows families to provide care while maintaining their own households elsewhere.

The scalability and flexibility of STR inventory serves these essential community functions alongside tourism uses. Properties move fluidly between uses based on demand: hosting tourists during peak seasons, providing workforce accommodation during major projects, and serving medical or emergency needs as

required. This flexibility is a strength of the sector that fixed hotel inventory cannot replicate.

Reducing STR supply through levy-induced exits doesn't just affect tourism capacity. It reduces the state's ability to respond to essential accommodation needs across multiple sectors. In regional areas where accommodation alternatives are already limited, this capacity loss has material impacts on infrastructure delivery, medical service accessibility, and emergency response capability.

The policy discussion has focused almost exclusively on tourism versus housing. This framing misses the essential community functions that STR capacity serves. The question isn't just whether Tasmania wants to accommodate tourists, but whether the state maintains flexible accommodation capacity for the diverse needs of communities, workers, and essential services.

## **RECOMMENDATIONS**

Based on the evidence presented in this submission, we respectfully recommend that the Tasmanian Government:

First, abandon the proposed Short Stay Levy Bill 2025 in its current form. The evidence from Victoria demonstrates that this approach does not achieve housing objectives while creating economic harm to the tourism sector. Tasmania should not replicate a policy that has already proven ineffective in the only jurisdiction where it has been implemented at scale.

Second, do not direct any tourism revenue toward first home buyer grants. The overwhelming evidence demonstrates these grants inflate prices rather than improve affordability, representing taxing homeowners and the visitor economy to pay first home owners. If housing affordability assistance is a policy priority, it should be funded through general revenue and structured as supply-side interventions or shared equity schemes rather than demand-side subsidies that are capitalized into higher prices and trigger building cost increases.

Alternative: If the government is committed to using levy revenue for housing purposes, direct it toward crisis housing and emergency accommodation rather than first home buyer grants. This would align with the essential accommodation functions that STR already serves, as demonstrated by the 24% of reservations serving non-tourism purposes including emergency housing.

Third, if revenue generation from short-term rentals is genuinely necessary, implement a land tax value approach for STR properties rather than a transactional levy. This would provide: - Consistent application across all properties regardless of usage reporting - A framework that's harder for unregulated operators to evade - Reduced administrative burden compared to transaction-based reporting - Alignment with existing property taxation mechanisms

The transactional levy approach enables avoidance by solo and small operators who can underreport bookings or avoid registration, while professional operators who comply fully bear disproportionate burden.

Fourth, develop a comprehensive standards-based regulatory framework for short-term rental accommodation in Tasmania. This framework should build on the existing council permit system and incorporate elements including:

- Enhanced statewide registration with consistent standards across all councils
- A mandatory Code of Conduct based on the NSW model with clear obligations for hosts, guests, and platforms
- Enforceable fire safety standards with registration contingent on compliance verification
- Mandatory contact requirements ensuring 24-hour emergency responsiveness
- Minimum insurance requirements for third-party liability
- An exclusion register for hosts and guests who breach standards using a two-strike system
- Platform data sharing requirements enabling compliance monitoring and enforcement
- Professional licensing standards for commercial operators following the Queensland property management model

We strongly oppose night caps or maximum stay restrictions. Such restrictions would further remove accessibility to accommodation and severely limit supply needed to support Tasmania's ongoing event calendar. When major concerts, sporting events, and festivals come to Tasmania, properties need the flexibility to accommodate varying stay lengths to absorb demand surges. Night caps would artificially constrain this capacity at exactly the times when Tasmania's economy benefits most from visitor activity.

Fifth, recognize that short-term rental capacity serves essential non-tourism functions including workforce accommodation, medical stays, and emergency housing, particularly in regional areas. Policy design should acknowledge these uses

and ensure sufficient flexible accommodation capacity is maintained to serve community needs beyond tourism. Any regulatory framework should explicitly protect STR capacity for these essential functions.

Sixth, consult with professional short-term rental management companies and industry associations in developing any enhanced regulatory framework. Organizations like Moxxi that are already operating to high standards and working toward formal licensing have valuable operational knowledge about what standards are achievable and effective. The sector is willing to embrace higher standards when they are evidence-based and genuinely address legitimate policy concerns.

Seventh, commission independent economic analysis of the tourism sector impacts before implementing any taxation on accommodation. The interconnected nature of the visitor economy means that policies affecting accommodation have cascading effects throughout hospitality, attractions, retail, and regional economies. Policy decisions should be informed by comprehensive economic modeling rather than assumptions about behavioral responses that Victorian experience has shown to be incorrect.

## **CONCLUSION**

Moxxi operates as a professional short-term rental management company committed to high standards, appropriate regulation, and contributing positively to Tasmania's visitor economy and regional communities. As an accommodation and hospitality business employing 15 local staff members and engaging more than 20 subcontractors regularly, we are not arguing against regulation or seeking to avoid oversight. We are presenting evidence that the proposed Short Stay Levy Bill 2025 is poorly designed, will fail to achieve its stated housing objectives based on Victorian experience, represents counterproductive economics of taxing homeowners and the visitor economy to pay first home owners, and will cause unnecessary harm to Tasmania's tourism infrastructure.

Victoria's thirteen months of experience with a 7.5% levy provides clear empirical evidence that this approach does not work. Listings increased rather than decreased. Only one to six percent of property owners indicated any likelihood of shifting to long-term rentals. Tasmania should learn from this evidence rather than repeating Victoria's mistakes.

The proposal to fund first home buyer grants with levy revenue represents particularly flawed economics. Decades of Australian research demonstrate that

demand-side housing subsidies are capitalized into higher prices, benefiting existing property owners and builders rather than helping buyers afford homes. Using tourism revenue to fund grants that will inflate prices and trigger building cost increases creates a policy trap that makes housing less affordable while damaging a critical sector of Tasmania's economy. This is taxing homeowners and the visitor economy to pay first home owners while actually making housing less affordable.

The fundamental question is whether the proposed levy will achieve its stated housing objective. Victoria's evidence demonstrates it will not. Pre-implementation research predicted minimal property conversion. Post-implementation data confirms listings grew rather than contracted. Tasmania is proposing to replicate this failure while simultaneously:

- Making Tasmania cost prohibitive for travelers - the real cost increase compounds when platform commissions are calculated on the levy-inflated total, pricing Tasmania out of competition with Queensland, NSW, and other destinations
- Enriching international booking platforms - Airbnb, Stayz and others will extract tens of thousands in additional commission revenue from taxing Tasmanian tourism, with profits flowing offshore
- Reducing accommodation capacity required for major events that generate millions in economic activity
- Threatening employment for our 15 local staff and work for our 20+ regular subcontractors
- Discouraging regional property investment that would add to and improve housing stock
- Diminishing distributed economic activity that supports regional businesses and contractors
- Lowering compliance visibility by pushing properties toward informal self-management that evades the levy
- Providing minimal if any housing supply benefit based on property type and owner intent
- Threatening flexible accommodation capacity for essential workforce, medical, and emergency uses that represent 24% of current utilization

The levy is a broad transactional tax being applied to achieve a narrow housing objective it demonstrably will not accomplish. It extracts revenue from tourism infrastructure while failing to create the housing supply increases that would justify the policy. More fundamentally, it makes Tasmania an expensive destination at

precisely the time when the state needs to remain competitive to sustain the visitor economy that provides employment and economic activity across regional communities.

The evidence strongly supports pursuing standards-based regulation instead. New South Wales and Queensland demonstrate that professional licensing, mandatory safety standards, codes of conduct, and accountability mechanisms address legitimate concerns about short-term rentals more effectively than taxation. Research confirms that registration and enforcement reduce problematic listings while taxation does not. Tasmania's existing council permit system provides a foundation that can be enhanced through statewide coordination and strengthened standards.

If revenue generation is genuinely necessary, a land tax value approach for STR properties would provide consistency and a framework for compliance rather than a transactional levy that enables evasion by unregulated solo and small operators while professional managers who fully comply bear disproportionate burden.

We respectfully urge the Tasmanian Government to abandon this levy proposal and instead pursue evidence-based regulation that raises standards, addresses genuine community concerns, protects guests, and supports the continued success of Tasmania's tourism sector. Professional short-term rental management companies and accommodation businesses like Moxxi are willing partners in developing and implementing such an approach.

We appreciate the opportunity to provide this submission and remain available for further consultation or discussion of these issues.

Respectfully submitted,

Moxxi Property Management

February 2026

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